

May 10, 1979

LB 479

in the language, how did we have it right in LB 1 and how did we have the error in LB 285. The difference in the language regarding funds used for debt service in LB 1 versus LB 285 was not intentional. When we, that means the Revenue Committee, began drafting 285 the model legislation was from a publication of the national tax payers conference. We were not aware of the difference between LB 1 and LB 285 as far as a bonded debt was concerned until the other day when it was pointed out to us by some of the bond council via Walt Radcliffe etc. Your amendment is similar to LB 1 language, that is my amendment, with your amendment and LB 479, LB 1 and LB 285 will be consistent. Regards, Larry. Okay, what does the amendment do? The overall amendments, and what is the problem? Section 13 of LB 285 exempts from the tax increase limitations only (1) payments on bonds outstanding on the effective date and (2) payments on bonds that are approved by voters of the municipality after the effective date. Existing in the Nebraska laws for many years have been numerous kinds of improvement districts for internal improvements such as paving roads or streets, sewer mains and laterals, lift stations and treatment plants, water mains and laterals and towers and other necessary municipal capital improvements. In most cases these are restricted to certain areas in the municipality and the districts are created by either petition of the majority of the property owners in the district or by an ordinance subject to referendum by such property owners. When a sufficient petition has been filed the governing board has no alternative but to proceed with the improvements. Under most of the laws governing such districts also Constitutional restrictions the special assessment can not exceed the special benefits to the property owners. Thus, street intersections, portions of extra wide streets, certain storm sewer construction, utility relocation, sewer lift stations and treatment plants, oversized sewer and water mains and water towers as the examples can not be assessed under the existing Nebraska laws, the portion that can not be specially assessed becomes a general obligation of the city and the bond issue with LB 285 as now written. The general obligation portion being limited by 285 the bond issues will either be unsaleable particularly in smaller cities and villages, and even where saleable will bear much, much higher interest rates to compensate the investor for the extra risk. An additional problem is after LB 285 the warrants that are issued by the municipality to pay construction cost in many cases will not qualify for bank investment and the contractor will either be unable to bid on projects or will have to materially increase the amount of his bid. Of immediate concern is the fact that there are a great number of improvement districts presently formed, by the way about 400, and under contract which cannot be bonded until the work is completed. Most of this work is done during